



INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT
We make Indiana a cleaner, healthier place to live.

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January 14, 2003

To Whom It May Concern:

Re: Low interest loans for drinking water
improvements

We are writing to make you aware that low-interest loan opportunities are available to your drinking water system through Indiana's State Revolving Fund (SRF) Program. This program, administered by the Indiana Department of Environmental Management (IDEM) and the State Budget Agency (SBA), is designed to provide financial assistance to communities who need to upgrade or build new drinking water facilities to provide the best drinking water possible to residents.

The SRF program has several advantages over conventional financing of drinking water infrastructure improvements. First and foremost, interest rates are low. SRF interest rates range from 2.9% - 4.5%, depending on average water rates and median household income of the service area. Secondly, SRF loans have fixed interest rates; once a community closes a loan, the interest rate is locked in for the term of the loan. Third, communities who close on SRF loans only pay back the amount they actually spend. Finally, the loan is a 20-year loan, which means that communities are not saddled with debt long after the infrastructure has served its useful life.

Projects eligible for SRF include constructing or upgrading water treatment facilities, constructing or repairing water lines, adding storage, and a variety of other improvements that will help communities maintain and achieve compliance. Since the September 11 attacks, certain security measures have also become eligible for SRF funding and are taken into account in scoring and ranking DWSRF projects. However, please note that priority will still be given to water systems with the greatest public health need.

Applying for a loan through the SRF program is easy. Simply fill in the attached application and send it with one additional copy to Ms. Cortney Stover, DWSRF Administrator, Indiana Department of Environmental Management, 100 N. Senate Ave., P.O. Box 6015, Indianapolis, IN 46206-6015 by **Friday, March 7, 2003**. Once you submit an application, Ms. Stover will call and arrange a time to meet with you and your engineering professionals to talk about the SRF program requirements, time frames and other issues. After meeting with IDEM, your engineer will prepare documentation necessary for IDEM review and approval before a loan can be closed.

Federal law requires water systems to have the technical, financial and managerial capacity to run their systems in order to receive an SRF loan. **For that reason, the operator of your water system is strongly encouraged to complete and submit a Capacity Development Self Assessment along with your application (attached).** The questions are designed to ensure that you have assessed the true needs of your water system and that your system does, in fact, meet technical, financial and managerial capacity. The questions should not be difficult to answer if done so by someone who is in charge of the system's daily operations. A copy of the Self Assessment is available by contacting Ms. Stover (317/232-8663) or on IDEM's Website at: <http://www.IN.gov/idem/water/fasb/srflp.html> under "Drinking Water." Or, a copy of the assessment will be provided to you upon submission of your application to us.

Please do not hesitate to contact Ms. Stover or myself (317/232-8655) if you have any questions.

We look forward to receiving your application and working with you to find ways to finance your drinking water improvement needs.

Sincerely,

Marylou Renshaw
SRF Section Chief
IDEM, Office of Water Quality
317/232-8655
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Enclosure

cc: Rich Emery
State Budget Agency